

5 September 2025

Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Email: cp25-17@fca.org.uk

Dear Sir / Madam,

The City of London Law Society's Response to Consultation Paper CP 25/17 *Supporting consumers' pensions and investment decisions: proposals for targeted support*

Introduction

1. The City of London Law Society ("**CLLS**") represents approximately 17,000 City lawyers through individual and corporate membership, including some of the largest international law firms in the world. These law firms advise a variety of clients from multinational companies and financial institutions to Government departments, often in relation to complex, multi-jurisdictional legal issues.
2. This response to the FCA's Consultation Paper CP 25/17 *Supporting consumers' pensions and investment decisions: proposals for targeted support* ("**CP 25/17**") has been prepared by the CLLS Regulatory Law Committee (the "**Committee**" or "**we**"), a list of whose members can be found on the CLLS website.
3. We welcome the opportunity to present our views on the proposals contained in CP 24/27. In particular, we would like to respond to questions 3, 6 and 40.

Question 3: Do you foresee any challenges in meeting the requirements to ensure the suitability of recommendations made through the targeted support framework?

4. From a legal certainty perspective, it seems to us that a challenge may be presented to firms in how they satisfy themselves that providing ready-made suggestions for all members of a consumer segment (with the inevitable concomitant – at least where investments are concerned – that the suggestions could fall a little way short of the optimal course of action for any particular individual client within the segment such as bespoke advice might identify) is compatible with both:
 - a) the absolute regulatory standard (proposed in COBS 9B.3.7R) of '*specifying suitable ready-made suggestions which meet the common financial support need or objective of the consumer segment for which they are designed*', and
 - b) Principle 9 ("*A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment*") as it applies to targeted support in accordance with the proposed guidance at COBS 9B.3.3(2)G.
5. It is critical that the suitability standard required for targeted support is clear and tangibly distinguishable from the 'normal' suitability standard relevant for full bespoke advice. In particular, firms will be concerned to understand whether this regulatory standard leaves room for clients to argue retrospectively that a readymade suggestion – although of a high quality and likely to leave the members of a segment far better off than if they had not sought the assistance of a regulated firm – fell short of this suitability standard because an even better outcome (e.g. higher investment

return) would have been achievable for them in their personal circumstances if they had received a different suggestion.

6. For this reason, we think it would be welcome if the FCA included guidance in COBS 9B to the effect that the suitability standard in COBS 9B.3.7R will be met where a firm makes a ready-made suggestion that has been devised with due skill and diligence (taking into account the characteristics of the consumer segment) and will generally leave members of a consumer segment set to be in a materially better (but not necessarily best available) position, and with their financial objectives better met, than if the suggestion had not been made. This would be consistent with the "better outcome" purpose described in proposed COBS 9B.1.1(f) and 9B.1.1(2)G.

Question 6: Are there any situations where firms want to deliver targeted support but based on our proposed rules would feel unable to do so? Please explain why.

7. As presently drafted, COBS 9B.4.1G(2) and 9B.4.5R(1) suggest that a firm will need to provide a single suitable ready-made suggestion when providing targeted support. Depending on what is meant by "single", this could potentially restrict the support which a firm can offer in situations where the firm wants to recommend a course of action but one element of the proposal such as a quantitative aspect (e.g. the specific monetary value of regular pension contributions or drawdowns) is best left as a narrow range. In these cases, the draft rules just mentioned might be construed as not permitting the firm to deliver support in such a way that the client has the opportunity to choose a specific figure from within a narrow range which the targeted support has suggested, making that choice based on their individual sentiment and the fine detail of their immediate circumstances. It would be helpful to clarify this in the rules, perhaps with guidance and illustrative examples.
8. The concept of "better outcome" would likely benefit from further explanation to provide sufficient certainty for firms.

Question 40: Is anything else needed to give firms and/or consumers sufficient clarity and certainty about how cases regarding targeted support will be handled?

9. We note that there is a circularity in the respective definitions of 'targeted support' and 'ready-made suggestion' (as set out in Annex A of the draft Advice Guidance Review (Targeted Support) Instrument 2025). Specifically:
 - c) 'targeted support' is defined as 'the service of providing *ready-made suggestions* [...]', while conversely
 - d) 'ready-made suggestion' is defined as 'a recommendation provided [...] in the course of providing *targeted support*'.
10. For greater certainty as to what activities are (or are not) in scope of each of these defined terms, we would recommend that such circular cross-referencing between the two definitions be removed. This could be achieved by giving 'ready-made suggestion' a definition which refers to how the suggestion is presented to the client but which does not use the defined term 'targeted support'.

We hope the above feedback has been useful. If you would like to discuss any of these comments, then we would be happy to do so. Please contact Hannah Meakin by telephone on +44 (0)20 7444 2102 or by e-mail at hannah.meakin@nortonrosefulbright.com in the first instance.

Yours faithfully

Hannah Meakin
Chair, CLLS Regulatory Law Committee

